

# OLIVER CONSULTING

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## CONSULTING ACTUARIES

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December 7, 2005

Law Enforcement Officers' & Firefighters' Plan 2 Retirement Board  
P.O. Box 40918  
Olympia, Washington 98504-0918

### Re: Actuarial Review: Duty Death Survivor Medical Benefits

Chairman Fox and Members of the Board:

There follow the results of our actuarial review of the LEOFF 2 contribution rate increases contained in the memo of December 7, 2005 of the Office of the State Actuary.

#### **Background**

Currently, spouses of members who die in the line of duty can elect medical and dental coverage for themselves and their dependents through the Public Employees Benefit Board (PEBB).

Under the proposal, LEOFF Plan 2 would pay for these health premiums. The provision would be applied retroactively to the LEOFF Plan 2 inception date.

The recommended contribution rate increases calculated by the Office of the State Actuary are shown below.

Employee	0.03%
Employer	0.02%
<u>State</u>	<u>0.01%</u>
Total	0.06%

#### **Results of Review**

##### ***Assumptions***

Assumptions include rates of increase in medical and dental premiums, medical and dental plans elected, percent of duty deaths having survivors, election of dependent coverage and duration of that coverage, and numbers of survivors from prior deaths newly electing PEBB coverage.

Though we may have chosen somewhat different individual assumptions in this regard (for instance: higher long-term increases in medical premiums, but election by some survivors of lower premium medical plans, such as Kaiser), we agree that the assumptions used by the Office of the State Actuary are reasonable in the aggregate for pricing this benefit.

***Contribution Rates***

We independently calculated the increases in the LEOFF 2 Actuarial Present Value of Projected Benefits and the resulting contribution rate increases. Our results fell within a reasonable range of the State Actuary's results.

***Conclusions***

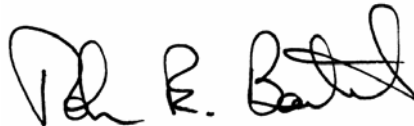
Contribution rates shown in the fiscal note of the Office of the State Actuary are appropriate for costing the contemplated benefit improvements.

The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Sincerely,



Marilyn M. Oliver, F.S.A., M.A.A.A.  
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